



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

COR-116169-00
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Dear [REDACTED]:

I am responding to your letter to Commissioner Rossotti dated August 14, 2000. In your letter, you asked if the Internal Revenue Service has ever ruled that taxi cab drivers are independent contractors and, if so, to provide you with a copy of the ruling.

The I.R.S. has issued two revenue rulings on the employment tax status of taxi cab drivers:

- Rev. Rul. 71-571 stated that taxi cab drivers operating vehicles purchased from a taxi cab association that did not have the right to control their operations were not employees of the association.
- Rev. Rul. 71-572 stated that taxi cab drivers operating vehicles leased from the taxi cab company that had the right to control their operations were employees of the company.

I have attached copies of both revenue rulings. As the two revenue rulings illustrate, whether taxi cab drivers are independent contractors or employees depends on the facts and the application of the common law rules to determine if an employer-employee relationship exists between the taxi cab drivers and the taxi cab company or association.

I hope this information is helpful to you. If you have any further questions, please contact Kyle Orsini (ID#50-14212) of my staff at (202) 622-6040.

Sincerely,
Will E. McLeod
Acting Chief, Employment Tax Branch 1
Office of the Associate Chief Counsel
(Tax Exempt and Government Entities)